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Guzman Bank Fraud Tale Denied

Accounting Firm Disputes Charge Spread by Foes

By Barnard L. Collier
Herald Tribune News Service

SANTO DOMINGO, May 25—

Antonio Guzman Silvestre, whom American envoys and rebel leaders had agreed on for president of a Dominican coalition government, flatly denied today implications in Washington that he was involved in a massive bank embezzlement.

The implications were also completely rejected by the local manager of the New York accounting firm of Ernst & Ernst. An audit report by Ernst & Ernst was cited as the basis for the allegation against Guzman published by the Washington Daily News.

Presidential assistant McGeorge Bundy's efforts to work out a Dominican compromise through Guzman are reportedly being bitterly opposed in some official quarters in Washington. The presidential envoy was said to have been stunned Monday when the implied charges against Guzman were made public.

Rumor Traced

American sources here suggested that supporters of the Dominican junta leader, Gen. Antonio Imbert Barrera, were responsible for the circulation of a falsified version of the Ernst & Ernst audit, from which the inference of wrongdoing on Guzman's part was drawn.

Published stories based on the purported findings of the audit said that the Dominican

Banco Agricola, of which Guzman was a director, had overstated its assets by \$75 million and that thousands of notes and \$1 million worth of mortgage collateral were missing.

These allegations produced a last-minute snag on Monday in the talks between U.S. negotiators and the "constitutionalist" rebels of Col. Francisco Caamano Dengo.

Rebel sources said the snag was "only technical at first" but then grew into a U.S. demand for an explanation of the allegations against Guzman.

Pro and Con Battle

According to informed American sources, the real obstacle to a solution of the Dominican crisis is a "ferocious" battle within the Johnson Administration over the pros and cons of forming the proposed Guzman coalition.

The argument of the anti-Guzman or pro-Imbert people is said to be that any concessions to the rebels will be misinterpreted politically in the United States as a backdown before a Communist-dominated group. The rebels at one time—though no longer—were so described by U.S. officials.

The implications against Guzman were denied—indignantly—by Benjamin Berzowski, the Ernst & Ernst manager here who directed the six-month audit of the Banco Agricola. The audit was ordered in 1963 during the constitutional regime of now-exiled President Juan Bosch, in whose cabinet Guzman served as agriculture minister.

"This is just politics," Berzowski said. "I found absolutely no evidence of dishonesty on the part of any of the directors of the bank or on the part of Mr. Guzman, who was a member of the Bank's 'superior directorate.'"

The Banco Agricola, designed to give loans to farmers on favorable terms, was, he added, "in no way connected with the Agriculture Ministry and Guzman's job as a superior director in no way gave him influence or access to the bank's funds without the knowledge of scores of highly respected officials and representatives of international organizations including the Inter-American Development

Bank and the aid mission here."

Guzman himself insisted in a statement that the audit report showed "no dishonesty on my part or by any director of the bank."

He attributed the bank's financial weaknesses to "the economic prostitution com-

mitted during the tyranny of Trujillo," when, he said, the firm's capital was "increased fictitiously" from \$5 million to \$100 million.

[In Washington, U.S. officials said a copy of the audit had been received by the State Department recently, but Guzman had not been connected with the matter because the audit did not list the bank's directors by name. John Goshko of The Washington Post reported.]

"The officials emphasized that they had no way of telling 'at present' whether the implications of irregularities were true or whether Guzman could be tied personally to any scandal that might result," Goshko reported.]

Latin Foreign Ministers Coming Here for Talks

By John M. Goshko

Washington Post Staff Writer

The foreign ministers of several Latin American countries are expected to come to Washington before the end of the week for discussion of the hemispheric problems raised by the Dominican Republic crisis.

Reports of the impending high-level meeting at the Organization of American States highlighted a day on which the White House confirmed in effect a report published yesterday by The Washington Post that the FBI is conducting an investigation in the Dominican Republic.

The OAS delegations from Brazil and Ecuador announced that their respective foreign ministers, Vasco Leliao da Cunha and Gonzalo Escudero, will come to Washington on Thursday.

In addition, diplomatic sources said it appeared likely that the foreign ministers of Argentina, Bolivia, Paraguay would attend the OAS session. Also mentioned were the foreign ministers of Colombia and Venezuela, but the

reports of their attendance were less firm.

Should a large number of foreign ministers show up, U.S. officials said that Secretary of State Dean Rusk probably would take over as head of the U.S. delegation.

Presidential adviser McGeorge Bundy was reported to be returning from Santo Domingo and there were indications that he also would take part in the meetings.

The current OAS deliberations were officially designated a foreign ministers' meeting shortly after the Dominican crisis broke out last month. Until now, however, each of the 20 members has been represented by its normal OAS ambassador acting in place of their respective ministers.

Although the Dominican situation will be the dominant topic, the indications are that the meeting will also consider the wave of unrest that has swept Latin America in the wake of the Santo Domingo revolution. Bolivia and Colombia have been especially hard hit, and there also have been stirrings of trouble in Uruguay, Ecuador and Guatemala.

The United States and some other members are expected to push for creation of a permanent OAS peace force and other machinery to deal with subversion in the Hemisphere.

However, most Latin diplomats seemed to feel yester-